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**MATERIAL SUBSIDIARY POLICY**

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## MATERIAL SUBSIDIARY POLICY

### Preamble:

Securities Exchange Board of India (SEBI) through the Listing Agreement (including any statutory enactments / amendments thereof) requires all listed companies to formulate a policy for determining 'material subsidiaries', effective 1<sup>st</sup> October, 2014.

The Board of Directors (the "Board") of Nitta Gelatin India Limited (the "Holding Company" or "NGIL"), has, therefore, adopted the following Policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy. The Policy was approved and adopted by the Board at its meeting held on .....

### 1. Objective:

- 1.1 This policy is framed, in accordance with the requirement of revised Clause 49 of the Listing Agreement (including any statutory enactments / amendments thereof) to be effective from 1<sup>st</sup> October 2014 intended to ensure governance of material subsidiary companies.
- 1.2 The Company is required to disclose the policy on the Company's website and a web link thereto shall be provided in the Annual Report.

### 2. Definitions:

**Consolidated Income or Net worth** means the total income or networth (ie. paid-up capital and free reserves) of the Company and its subsidiaries.

**Material non-listed Indian subsidiary** means a material subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.



**Significant transactions and arrangements** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts / listing agreement / regulations / rules.

1. The Companies Act, 2013 or the rules framed thereon;
2. Listing Agreement with Stock Exchanges;
3. Securities Contracts (Regulation) Act, 1956;
4. SEBI Act, 1992;
5. SEBI (Issue of Capital and Disclosure Requirements) Regulations;
6. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
7. SEBI (Prohibition of Insider Trading) Regulations, 1992.

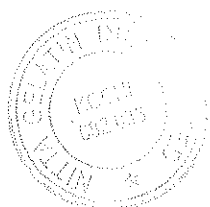
**3. Criteria for determining the Material subsidiaries:**

3.1 A subsidiary shall be a Material Subsidiary for the financial year, if any of the following conditions are satisfied:

- a. Investment of Holding Company in the subsidiary exceeds 20% of its consolidated net worth; or
- b. the subsidiary has generated 20% of the consolidated income of the Company during the financial year.

Networth or Income, as the case may be, shall be as per the audited balance sheet of the previous financial year.

3.2 The Audit Committee of the Holding Company to annually review the list of subsidiaries together with the details of the materiality defined herein, before 30<sup>th</sup> September of every year.



4. Governance of Material subsidiaries:

- 4.1 At least one Independent Director of the Holding Company shall be a director on the Board of the material non-listed Indian subsidiary company.
- 4.2 The Audit Committee of Board of the Holding Company shall review the financial statements, in particular, the investments made by the subsidiary company on a quarterly basis.
- 4.3 The minutes of the Board Meetings of the unlisted subsidiary company be placed before the Board of the Holding Company in regular intervals.
- 4.4 Board of Directors of the Holding Company, review all the significant transactions and arrangements entered into by the subsidiary company, on a quarterly basis.
- 4.5 The Holding Company, without the prior approval of the members by Special Resolution, shall not:
- a) Dispose the shares held in material subsidiaries which would reduce the Holding Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or ceases the exercise of control over the material subsidiary except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court / Tribunal.
  - b) Sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.
- 4.6 If conflict between two regulations viz., the Act 2013 and SEBI regulations are irreconcilably inconsistent, the stricter one shall prevail.

**5. Amendments:**

This policy may be amended by the board at any time and is subject to the (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines and enactments by the SEBI, including Listing Agreement.



## 6. Disclosures

The policy for determining material subsidiaries is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company at [www.gelatin.in](http://www.gelatin.in)

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